



Current Report (26/2020)
Orange Polska S.A., Warsaw, Poland
28 October, 2020

Pursuant to Article 17(1) of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, the Management Board of Orange Polska S.A. hereby provides selected financial and operating data related to the activities of the Orange Polska Capital Group (“the Group”, “Orange Polska”) for 3Q and 9M 2020.

Disclosures on performance measures, including information on data restatements for the year 2019 in connection with changes in accounting policies, have been presented in the Notes 2 and 3 to Condensed IFRS Quarterly Consolidated Financial Statements of the Orange Polska Group for the 3 months ended 30 September 2020 (available at <http://orange-ir.pl/results-center/results/2020>).

In 3Q 2020 Orange Polska reports strong commercial performance and solid financial results.
Full-year EBITDAaL growth guidance maintained

key figures (PLN million)	3Q 2020	3Q 2019** restated	Change	9M 2020**	9M 2019** restated	Change
Revenue	2,793	2,870	-2.7%	8,425	8,407	+0.2%
EBITDAaL*	742	739	+0.4%	2,143	2,036	+5.3%
EBITDAaL margin*	26.6%	25.7%	+0.9 p.p.	25.4%	24.2%	+1.2 p.p.
operating income	150	378	-60.3%	347	591	-41.3%
net income	53	222	-76.1%	67	269	-75.1%
eCapex*	387	58	+567%	1,206	1,006	+19.9%
organic cash flow	58	419	-361	418	403	+15

* From 2020 we have revised definitions of capex and EBITDAaL alternative performance measures. Capex is now presented net of the accrued proceeds from asset disposals and is named economic capex (eCapex). Consequently, EBITDAaL excludes gains on asset disposals. This change reflects better transformation of Orange Polska fixed asset base which has been rapidly evolving over the past few years and will do so in the future. We invest in assets essential for our future value creation (fibre and mobile network) and dispose assets no longer necessary for our core operations. Economic benefits of this transformation have been shifted from EBITDAaL to Capex.

** In 2Q 2020 data for 2019 and 1Q 2020 have been retrospectively restated for the additional impact of the IFRS16 scope as described in the Financial Statements in Note 3

KPI ('000)	3Q 2020	3Q 2019	Change
convergent customers (B2C)	1,441	1,331	+8.3%
mobile accesses (SIM cards)	15,669	15,140	+3.5%
post-paid	10,749	10,128	+6.1%
pre-paid	4,920	5,012	-1.8%
fixed broadband accesses (retail)	2,662	2,589	+2.8%
o/w fibre	662	473	+40.0%
fixed voice lines (retail)	2,941	3,186	-7.7%

3Q 2020 Highlights:

- **EBITDAaL (EBITDA after Leases) flat year-on-year reflecting:**
 - strong performance of core telecom services,
 - negative impact of the pandemic (lower roaming and IT/IS revenues, additional risk provisions)
 - ongoing cost optimisation (indirect costs down 5% year-on-year)
- **Full-year 2020 EBITDAaL growth guidance maintained**
- **Revenues down 2.7% year-on-year reflecting:**
 - revenues from core telecom services (convergence, mono mobile and mono broadband) up 2.3% yoy reflecting positive impact of value strategy and negative impact from roaming
 - 17% yoy decrease of IT/IS as a result of market slowdown (due to the pandemic) and higher comparable base
 - 7% yoy growth of mobile wholesale resulting from surge in traffic related to pandemic
 - equipment revenues down 9% yoy as demand for smartphones has not fully recovered
- **Very strong commercial performance in fibre and mobile services:**
 - +8% year-on-year growth of B2C convergent customers, +31k net adds in 3Q
 - Convergence ARPO +2.0% year-on-year
 - +3% year-on-year growth of total fixed broadband customers, +24k net adds in 3Q
 - FBB mono ARPO +6.3% year-on-year
 - +40% year-on-year growth of fibre customers, +54k net adds in 3Q (the highest quarterly result ever)
 - +4% year-on-year growth of post-paid mobile handset customers, +110k net adds in 3Q
- **eCapex (economic capex) at PLN 387 million, in line with full-year plans**
- **4.8 million households connectable with fibre at the end of September (191k added in 3Q)**
- **Organic Cash Flow at PLN 58 million reflects good outcome on working capital, some slowdown of investments and much lower yoy proceeds from sale of assets**

Commenting on 3Q 2020 performance, Julien Ducarroz, Chief Executive Officer, said:

“Our commercial results in the third quarter were particularly strong both in fixed and mobile post-paid. Customer net additions in fixed broadband were the highest in almost two years driven by robust performance in fibre. Fibre net additions at 54,000 were by far the highest in any quarter so far. This is a consequence of strong customer demand but also our improved selling skills and investment process. Fibre already accounts for a quarter of our total broadband customer base. We are convinced that there is much more room for fibre in Poland and we are considering a different model for its further deployment through our FiberCo project. Our net customer additions in post-paid handset mobile offers at 110,000 were the highest in many quarters which combined strong performance in both consumer and business markets fuelled by both good customer demand and low churn.

I am even more pleased that our strong customer volumes are accompanied by good ARPO trend in different services even if in mobile it was affected by much lower roaming revenues, due to the pandemic. In this context it is important to note that Orange continues to be the most recommended operator on the Polish market: we maintained number one position in NPS (Net Promoter Score) in the third quarter. In addition the quality of our mobile network has been confirmed by our first position in the September speedtest.pl ranking. All this indicates that our ‘more-for-more’ value strategy is working and is being well received by our customers.

Over the past few years Orange Polska has made an enormous effort to deliver turnaround and return to growth. I am happy to take the lead in this exciting journey and I am very determined to sustain these positive trends. At the same time we remain cautious for the future due to the potential economic impact of the prolonged pandemic. Update of our strategy is under preparation and we are looking forward to announce it in 2Q of next year.”

Financial Review

Revenue decline reflects slowdown in IT/IS while good performance of core telecom services was maintained

Revenues totalled PLN 2,793 million in 3Q 2020 and were down 2.7% year-on-year or PLN 77 million. There were four main factors influencing this revenue trend.

Firstly, combined revenues of our core telecom services: convergence, mobile-only and fixed-broadband were up 2.3% year-on-year. This performance was mainly driven by continued growth in convergence ARPO (up 2.0% year-on-year) and turnaround in fixed broadband only ARPO (up 6.3% year-on-year), an outcome of our ‘more for more’ strategy. Trend in mobile only service revenue reflected further improvement in the underlying trend (driven by growing customer base and our value strategy) but also, similarly to the previous quarter, 50% year-on-year drop in roaming revenues as a consequence of the pandemic.

Secondly, IT and integration services, after many quarters of consecutive growth recorded 17% year-on-year revenue decrease. That resulted from market slowdown related to the pandemic and different phasing of sales between the two years.

Thirdly, mobile wholesale revenues were up 7% year-on-year reflecting higher voice traffic as a result of the COVID-19 pandemic. Fourthly, revenues from equipment sales were down 9% year-on-year due to high comparable base of last year and gradual return of customer demand as a result of the pandemic.

Strong commercial performance in fixed broadband and mobile services

Our commercial activity is mainly focused on delivering a package of mobile and fixed services, which we define as convergence. It is our competitive edge, it increases customer loyalty and allows us to upsell more services, winning a higher share of household media and telecom budgets.

In 3Q 2020 our B2C convergent customer base increased by 31,000 which was the highest gain since 4Q 2019. Total convergence customer base reached 1,441,000 and grew 8.3% year-on-year. At the end of September, 64% of our B2C broadband customers were convergent versus 61% a year ago. ARPO from convergent customers continued to grow and was up 2.0% year-on-year increasing to PLN 105.5. This was largely due to our value strategy, increasing share of fibre and TV services, and upsell of additional services.

Total fixed broadband customer base increased in 3Q 2020 by 24,000 and 2.8% year-on-year. It was the highest quarterly increase in almost 2 years. This performance was driven by strong growth of fibre customer base which expanded 40% year-on-year, adding 54,000 in 3Q (by far the highest ever quarterly result). Fibre already reached 25% of our total broadband customer base. The copper broadband customer base continued to decrease and was lower by 41,000 versus previous quarter. The ARPO from broadband-only services continued to grow and was up as much as 6.3% year-on-year and 1.2% quarter-on-quarter. The key contributors of this strong performance were last year's price increases and growing share of fibre customers. Fibre customers generate the highest ARPO which is mainly fuelled by high share of TV services and increasing share of customers in single family houses (who pay higher price to cover higher network rollout cost).

Total mobile post-paid customer base increased by 245,000 in 3Q 2020, or by 6.1% year-on-year. In handset offers, net customer additions were 110,000, which was the highest growth in many quarters. This resulted both from good new sales and lower churn (post-paid churn in 3Q stood at 2.2% compared to 2.1% in 2Q and to 2.5% 1Q). ARPO from mobile-only handset offers was down 4.5% year-on-year, compared to 5.2% decline in 2Q 2020. However the decline entirely stemmed from significantly lower roaming revenues. Excluding roaming this ARPO was up 0.7% year-on-year.

Number of our reported pre-paid services shrunk by 62,000 or 1.8% in 3Q mainly due to lower activations of new pre-paid cards. This was a consequence of pandemic-related reduced tourism activity during summer months and lower sales to foreign residents.

In fixed voice, 3Q net loss of lines stood at 57,000 compared to 36,000 in 2Q 2020 and 73,000 in 3Q 2019. The churn level was still positively impacted by the lockdown period.

3Q EBITDAaL flat yoy reflecting underlying turnaround, negative impact of the pandemic and further cost savings

EBITDAaL for 3Q 2020 came in at PLN 742 million and was up 0.4% year-on-year. Direct margin (a difference between revenues and direct costs) was down PLN 42 million year-on-year as positive impact of strong performance of core service revenue lines was more than offset by pandemic-related lower roaming revenues and additional provisions. This decline was fully compensated by further optimisation of indirect costs, which decreased 5% year-on-year, mainly due to lower labour cost (execution of Social Plan and lower salaries increase) and cost freeze initiatives including significant savings in advertising & promotion, CRM and general expenses.

Bottom line decline reflects last year's record high gains on real estate disposals

Net income for 3Q 2020 stood at PLN 53 million versus net income of PLN 222 million generated in 3Q 2019. Significant year-on-year decline is due to last year's record high gains on real estate disposals (PLN 218 million driven by sale of Nowogrodzka/Barbary complex). On the positive side, net finance costs were PLN 24 million lower than last year due to higher negative FX differences in 3Q 2019.

Organic Cash Flow reflects good outcome on working capital, some slowdown of investments and much lower yoy proceeds from sale of assets

Organic cash flow for 3Q 2020 was PLN 58 million, as compared to PLN 419 million generated in 3Q 2019. A significant year-on-year decrease resulted solely from record high (PLN 355 million) proceeds from real estate disposal last year. Working capital was slightly better than last year despite shift of social security payments from the second quarter (c.PLN 120 million) and much lower year-on-year support from sale of instalment receivables. The improvement stemmed mainly from good receivables collection, lower growth of instalment receivables and different timing of some settlements. Capital expenditure cash outflows were PLN 37 million lower year-on-year and reflected some slowdown of investments introduced to offset more difficult property market due to the pandemic.

Commenting on 3Q 2020 results, Jacek Kunicki, Chief Financial Officer, said:

“Our 3Q financial results were solid and in line with our expectations. After many quarters of consecutive growth our top line dynamics turned negative. Firstly, revenues from roaming, ICT and equipment were affected by the pandemic. Secondly, decrease in ICT area reflected also much higher comparable base as BlueSoft was already included in our figures in 3Q 2019. However underlying performance of our high-margin core telecom services remained strong (best visible in ARPO improvement and strong growth of fibre) underscoring our relative resilience to the economic situation. Our exceptional effort with respect to cost savings this year was continued in 3Q which helped to offset lower revenues and deliver flat EBITDAaL. Year-on-year dynamics of net income and cash generation reflected record high real estate sales last year. With 5% year-on-year EBITDAaL growth over 9 months achieved with significant support of mitigating measures we maintain our full-year growth guidance. However we carefully monitor the situation with respect to the economic impact of the pandemic especially in the light of recent tightening of restrictions.”

Reconciliation of operating performance measure to financial statements

Disclosures on performance measures, including information on data restatements for the year 2019 in connection with changes in accounting policies, have been presented in the Notes 2 and 3 to Condensed IFRS Quaterly Consolidated Financial Statements of the Orange Polska Group for the 3 months ended 30 September 2020 (available at <http://orange-ir.pl/results-center/results/2020>).

<i>in PLNm</i>	3Q 2020	3Q 2019	9M 2020	9M 2019
Operating income	150	378	347	591
Less gains on disposal of assets	-6	-218	-21	-266
Add-back of depreciation, amortisation and impairment of property, plant and equipment and intangible assets	618	592	1,862	1,750
Interest expense on lease liabilities	-15	-18	-47	-51
Adjustment for the impact of employment termination programs	-9	1	-9	5
Adjustment for the costs related to acquisition and integration of new subsidiaries	4	4	11	7
EBITDAaL (EBITDA after Leases)	742	739	2,143	2,036

Forward-looking statement

This press release contains forward-looking statements, including, but not limited to, statements regarding anticipated future events and financial performance with respect to our operations. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like 'believe', 'expect', 'anticipate', 'estimated', 'project', 'plan', 'adjusted' and 'intend' or future or conditional verbs such as 'will,' 'would,' or 'may.' Factors that could cause actual results to differ materially from expected results include, but are not limited to, those set forth in our Registration Statement, as filed with the Polish securities and exchange commission, the competitive environment in which we operate, changes in general economic conditions and changes in the Polish and/or global financial and/or capital markets. Forward-looking statements represent management's views as of the date they are made, and we assume no obligation to update any forward-looking statements for actual events occurring after that date. You are cautioned not to place undue reliance on our forward-looking statements.

Orange Polska's Management Board are pleased to invite you to the Company's 3Q 2020 results presentation.

29th October 2020

Start: 11.00 CET

The presentation will be available via a live webcast <http://infostrefa.tv/orange> and via a live conference call

Time:

11:00 (Warsaw)

10:00 (London)

05:00 (New York)

Dial in numbers:

Conference Code: 411064

Poland: 48 22 124 49 59

Canada: 1 587 855 1318

Germany: 49 30 25 555 323

Russia: 7 495 283 98 58

United Kingdom: 44 203 984 9844

United States: 1 718 866 4614

Orange Polska Group Consolidated

amounts in PLN millions	2019					2020		
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q
Income statement	restated (IFRS16)*	restated (IFRS16)*	restated (IFRS16)*	restated (IFRS16)*	restated (IFRS16)*	restated (IFRS16)*	IFRS16	IFRS16
Revenues								
Mobile services only	640	646	660	652	2,598	638	630	645
Fixed services only	569	552	540	531	2,192	523	527	518
Narrowband	244	233	224	216	917	208	206	194
Broadband	219	213	211	211	854	211	214	216
B2B Network Solutions	106	106	105	104	421	104	107	108
Convergent services B2C	369	384	399	406	1,558	419	428	438
Equipment sales	367	352	359	477	1,555	306	308	325
IT and integration services	147	163	224	269	803	233	238	186
Wholesale	560	568	585	565	2,278	601	613	590
Mobile wholesale	310	324	323	330	1,287	349	366	345
Fixed wholesale	177	169	186	157	689	171	165	162
Other	73	75	76	78	302	81	82	83
Other revenues	126	94	103	99	422	84	84	91
Total revenues	2,778	2,759	2,870	2,999	11,406	2,804	2,828	2,793
Labour expenses**	(403)	(377)	(361)	(349)	(1,490)	(402)	(287)	(320)
External purchases	(1,554)	(1,533)	(1,567)	(1,763)	(6,417)	(1,550)	(1,597)	(1,537)
- Interconnect expenses	(446)	(461)	(478)	(442)	(1,827)	(482)	(507)	(489)
- Network and IT expenses	(148)	(152)	(142)	(148)	(590)	(151)	(162)	(161)
- Commercial expenses	(583)	(578)	(589)	(764)	(2,514)	(546)	(552)	(519)
- Other external purchases	(377)	(342)	(358)	(409)	(1,486)	(371)	(376)	(368)
Other operating incomes & expenses**	(43)	(51)	(44)	(47)	(185)	(21)	(42)	(39)
Impairment of receivables and contract assets	(32)	(27)	(39)	(40)	(138)	(36)	(50)	(30)
Amortization and impairment of right-of-use assets	(95)	(92)	(102)	(103)	(392)	(106)	(108)	(110)
Interest expense on lease liabilities	(16)	(17)	(18)	(15)	(66)	(16)	(16)	(15)
EBITDAaL (EBITDA after Leases)	635	662	739	682	2,718	673	728	742
% of revenues	22.9%	24.0%	25.7%	22.7%	23.8%	24.0%	25.7%	26.6%
Gains on disposal of assets***	5	44	218	4	271	10	5	6
Depreciation, amortisation and impairment of property, plant and equipment and intangibles assets	(583)	(575)	(592)	(698)	(2,448)	(608)	(636)	(618)
Add-back of interest expense on lease liabilities	16	17	18	15	66	16	16	15
Adjustment for the impact of employment termination programs**	2	(6)	(1)	(176)	(181)	0	0	9
Adjustment for the costs related to acquisition and integration of new subsidiaries**	0	(3)	(4)	(3)	(10)	(3)	(4)	(4)
Adjustment for the impact of deconsolidation of subsidiaries***	(1)	0	0	0	(1)	0	0	0
Operating income / (loss)	74	139	378	(176)	415	88	109	150
% of revenues	2.7%	5.0%	13.2%	-5.9%	3.6%	3.1%	3.9%	5.4%
Finance costs, net	(80)	(73)	(107)	(48)	(308)	(132)	(49)	(83)
- Interest expense on lease liabilities	(16)	(17)	(18)	(15)	(66)	(16)	(16)	(15)
- Other Interest expenses, net (excl. Interest expense on lease liabilities)	(50)	(48)	(49)	(49)	(196)	(51)	(45)	(43)
- Discounting expense	(14)	(11)	(20)	(3)	(48)	(23)	0	(11)
- Foreign exchange losses	0	3	(20)	19	2	(42)	12	(14)
Income tax	1	(14)	(49)	37	(25)	6	(8)	(14)
Consolidated net income / (loss)	(5)	52	222	(187)	82	(38)	52	53

* In Q2 2020 retrospective additional impact of the IFRS 16 scope was recognised as described in Financial Statement in Note 3 and 4

** Labour expenses and other operating incomes & expenses exclude adjustment due to employment termination program and some costs related to acquisition and integration of new subsidiaries

*** Gains on disposal of assets exclude impact of deconsolidation of subsidiaries

Orange Polska Group key performance indicators

<i>Customer base (in thousands)</i>	2019				2020		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
B2C convergent customers	1,276	1,307	1,331	1,369	1,387	1,410	1,441
Fixed telephony accesses							
PSTN	2,322	2,228	2,140	2,046	1,962	1,900	1,831
VoIP	1,006	1,031	1,046	1,063	1,072	1,099	1,110
Total retail main lines	3,328	3,259	3,186	3,109	3,034	2,998	2,941
<i>o/w B2C convergent</i>	778	800	807	825	830	833	839
<i>o/w B2C PSTN convergent</i>	44	38	31	27	23	21	18
<i>o/w B2C VoIP convergent</i>	734	762	776	799	807	813	822
Fixed broadband access							
ADSL	1,098	1,056	1,017	958	923	896	864
VHBB (VDSL+Fibre)	921	961	998	1,063	1,101	1,139	1,184
<i>o/w VDSL</i>	522	527	525	543	537	531	522
<i>o/w Fibre</i>	399	434	473	520	564	608	662
Wireless for fixed	557	565	574	586	592	603	614
Retail broadband - total	2,576	2,582	2,589	2,607	2,616	2,638	2,662
<i>o/w B2C convergent</i>	1,276	1,307	1,331	1,369	1,387	1,410	1,441
TV client base							
IPTV	455	476	495	521	539	554	575
DTH (TV over Satellite)	503	496	484	473	456	442	425
TV client base - total	958	972	979	994	994	996	1001
<i>o/w B2C convergent</i>	758	788	802	828	836	842	851
Mobile accesses							
Post-paid							
<i>Mobile Handset</i>	7,553	7,611	7,672	7,748	7,810	7,875	7,985
<i>Mobile Broadband</i>	934	895	865	831	822	806	777
<i>M2M</i>	1,483	1,534	1,591	1,658	1,710	1,823	1,987
Total post-paid	9,970	10,040	10,128	10,237	10,342	10,504	10,749
<i>o/w B2C convergent</i>	2,434	2,486	2,528	2,589	2,612	2,651	2,713
Total pre-paid	4,867	4,924	5,012	5,047	5,095	4,982	4,920
Total	14,837	14,964	15,140	15,284	15,436	15,487	15,669
Wholesale customers							
WLR	408	381	354	328	310	299	287
Bitstream access	137	133	129	128	128	129	130
LLU	73	69	66	63	60	58	55
<i>Quarterly ARPO in PLN per month</i>	2019				2020		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Convergent services B2C	101.4	101.9	103.4	102.8	104.8	105.4	105.5
Fixed services only - voice	36.3	36.2	36.2	36.3	36.5	37.4	36.8
Fixed services only - broadband	55.5	54.9	55.2	56.0	56.7	58.0	58.7
Mobile services only	20.0	20.1	20.3	20.0	19.5	19.3	19.9
Post-paid excl M2M	26.9	27.0	27.1	26.7	26.3	25.5	25.9
<i>Mobile Handset</i>	28.6	28.7	28.9	28.5	28.0	27.2	27.6
<i>Mobile Broadband</i>	16.4	15.9	15.4	14.3	13.6	13.3	12.9
Pre-paid	11.4	11.6	12.1	11.9	11.6	11.9	12.5
Mobile wholesale (convergent + mono)	7.1	7.5	7.4	7.5	8.0	8.4	7.9

Other mobile operating statistics	2019				2020		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Number of smartphones (thousands)	7,521	7,658	7,778	7,857	7,857	7,907	8,112
AUPU (in minutes)							
post-paid	357.9	356.6	349.5	354.3	397.3	441.5	386.7
pre-paid	161.9	163.0	158.8	158.6	173.2	193.3	175.7
blended	286.5	285.8	279.3	281.8	314.2	350.2	310.4
Quarterly mobile customer churn rate (%)							
post-paid	2.8	2.5	2.4	2.8	2.5	2.1	2.2
pre-paid	10.8	10.2	10.7	10.2	9.1	10.4	11.4
SAC post-paid (PLN)	82.4	99.1	94.8	116.6	82.1	78.3	77.5
SRC post-paid (PLN)	43.9	43.1	45.7	60.9	48.0	59.8	59.1
Employment structure of Group as reported Active full time equivalents (end of period)							
Orange Polska	13,077	12,429	12,219	12,034	11,885	11,219	11,047
50% of Networks	355	353	351	342	330	330	335
Total	13,432	12,782	12,570	12,376	12,215	11,549	11,382

Terms used:

ARPO – average revenue per offer

Average Usage per User (AUPU) – The average monthly total usage of minutes divided by the average number of SIM cards (excluding M2M) in a given period.

Churn rate – the number of customers who disconnect from a network divided by the weighted average number of customers in a given period.

Convergent services – Revenues from B2C convergent offers (excluding equipment sales). A convergent offer is defined as an offer combining at least a broadband access (xDSL, FTTx, cable or wireless for fixed) and a mobile voice contract (excluding MVNOs) with a financial benefit. Convergent services revenues do not include incoming and visitor roaming revenues.

Convergent services B2C ARPO – The average monthly revenues from convergent services generated by retail customers (B2C) divided by the **average** number of B2C convergent customers in a given period.

Fixed broadband-only services – Revenues from fixed broadband offers (excluding B2C convergent offers and equipment sales), including TV and VoIP services.

Fixed broadband-only services ARPO – The average monthly revenues from fixed broadband only services divided by the average number of accesses in a given period.

Household connectable with fibre - an apartment in multi-family building or a single family house within the reach of our fibre to the home service that allows to provide service with a speed of at least 100Mb/s

Mobile-only services – Revenues from mobile offers (excluding consumer market convergent offers) and Machine to Machine (M2M) connectivity. Mobile-only services revenues do not include equipment sales and incoming and visitor roaming revenues.

Mobile-only services ARPO – The average monthly retail revenues from mobile only services excluding M2M connectivity, divided by the average number of SIM cards (excluding M2M) in a given period.

Mobile-only broadband ARPO – The average monthly retail revenues from SIM cards dedicated to mobile broadband access (excluding B2C convergent offers and equipment sales) divided by the average number of these SIM cards in a given period.

Mobile-only handset ARPO – The average monthly retail revenues from SIM cards dedicated to mobile handset access (excluding B2C convergent offers and equipment sales) divided by the average number of these SIM cards in a given period.

Subscriber Acquisition Cost (SAC) – Customer acquisition costs divided by the number of gross customers added during the respective period. Customer acquisition costs comprise commissions paid to distributors and net subsidies resulting from the sale of the handset.

Subscriber Retention Cost (SRC) – Customer retention costs divided by the number of customers retained during the respective period. Customer retention costs comprise commissions paid to distributors and net subsidies resulting from the sale of the handset.